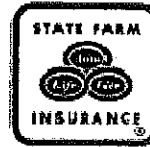


# State Farm Insurance Companies®



#74310

May 27, 2010

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Suite 200  
6 Hillman Drive  
Chadds Ford, PA 19317

Catherine A. Rankin  
Counsel  
Phone: 610-361-4145  
Fax: 610-361-4152

Nancy Panaro  
Division of Health Care Finance and Policy  
Two Boylston Street  
Boston, MA 02116

Re: 114.5 CMR 21.00: Health Care Claims Data Submission

Dear Ms. Panaro:

State Farm Mutual Automobile Insurance Company offers Medicare Supp and a variety of individual health insurance policies. These policies are portable and can be moved from state to state. We have seven policyholders residing in Massachusetts. Although these policies were contracted in another state, they would be subject to quarterly reporting under proposed 114.5 CMR 21:00 Health Care Payer Claims Data Submission.

We urge the Division to establish a reporting exemption for small insurers. Several states that have adopted reporting standards have exemptions.

- Maine less than 50 covered lives
- Vermont less than 200 covered lives
- Minnesota less than 200 covered lives
- Oregon less than 5,000 covered lives
- Kansas less than 1% of the market
- New Hampshire less than 200 covered lives
- Maryland and Tennessee base their exemptions on amount of written premium or amount of paid claims.

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Nancy Panaro  
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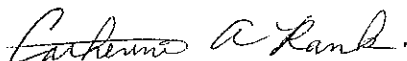
In order to be meaningful, data must be statistically significant. When a population is limited, changes within the population are magnified. This is particularly true when data is captured or compared on a percentage basis. One member of a ten member population is 10%, while one member of a one hundred member population is 1%. As a result, smaller populations lack the statistical credibility of larger populations. Minor changes in a smaller policy base may decrease statistical credibility and undermine comparative analysis of an insurer's experience.

Exemptions also limit the number of insurers reporting information to the Division. This insures that the Division's resources are not overwhelmed, but dedicated to capturing data from insurers who have significant experience with these lines. It also relieves small insurers from the substantial cost, programming and manpower hours required to implement and maintain a reporting program.

We urge the Division to use its administrative authority to establish a lives insured exemption to enhance statistical credibility as well as relieve insurers and the Division from the costs of reporting and reviewing statistically insignificant data. An insured lives exemption is preferable as the data is easy to acquire and is self-verifying.

State Farm appreciates the opportunity to share our concerns on this proposed regulation. If you have any questions, please contact me.

Sincerely,



Catherine A. Rankin  
Counsel  
610-361-4145

CR/mat/

cc: Mary Ann Walsh  
Research Analyst  
Division of Insurance  
1000 Washington Street  
Boston, MA 02118

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